



Koninkrijk der Nederlanden

Special Energy Issue on Kazakhstan

| May 2016

CONTENTS

GENERAL	1
ACQUISITIONS & MERGERS	6
OIL & GAS PRODUCTION	7
OIL & GAS TRANSPORTATION	7
RENEWABLE ENERGY	8
CONTACTS	11
INDUSTRY EVENTS IN 2016	11

The Economic Section of the Embassy of the Kingdom of the Netherlands in Kazakhstan intends to distribute this newsletter as widely as possible among Dutch institutions, companies and persons from the Netherlands. The newsletter summarises economic news from various Kazakhstani and foreign publications and aims to provide accurate information. However, the Embassy cannot be held responsible for any mistakes or omissions in the bulletin.

GENERAL

Disputes with oil majors could lead to arbitration

Kazakhstan's \$1.6 billion dispute with the oil majors that are developing the Karachaganak gas condensate field could escalate to arbitration if talks on the matter fall through. Kazakh Energy Minister Kanat Bozumbayev made the remarks to Reuters.

Bozumbayev added his ministry was also preparing for "heated negotiations" on the giant Kashagan project, expected to begin commercial output between October and December and produce up to 1 million tons of oil this year.

"It is a routine dispute, (but) if we fail to reach a final agreement, there will be arbitration," Bozumbayev said in an interview, referring to Karachaganak.

"We want everything to be fair up until 2037 from our point of view," he said. A production-sharing agreement (PSA) on the project will expire in 2037.

Russia's LUKoil said last month Kazakhstan had filed a \$1.6 billion claim against the PSA consortium led by BG Group and Eni. The energy ministry, in turn, has said the dispute was about calculations of the parties' shares in the field's output.

Eni and BG, recently acquired by Royal Dutch Shell Plc, each own 29.25% of the Karachaganak project in northwest Kazakhstan, which they jointly operate. Kazakh state-owned KazMunaiGaz owns 10%, Chevron Corp 18% and LUKoil 13.5%.

Bozumbayev said Kazakhstan had no plans to revise the Karachaganak PSA because it would hurt the investment climate.

"This is a perfect project, we do not need to change anything there, only to defend our position under the PSA," he said.

Separately, Kazakhstan and its partners are also discussing additional investments to maintain the field's production levels for a longer period.

"We are interested in the most efficient solution: lower investment, longer period when output is maintained at the current level," Bozumbayev said.

Another Kazakh project that has been the subject of several disputes, the giant offshore Kashagan oilfield, is set to begin commercial output this year after numerous delays and cost overruns.

Kashagan may produce between 50,000 and 1 million tons of oil this year, 3-5 million tons next year and 7 million tons in 2018, Bozumbayev said.

However, foreign partners in the project - Eni, ExxonMobil, Total, Shell, CNPC and Inpex - may want to delay ramping up output beyond those levels until oil prices rise.

"This year we are focused ... on completing the first phase (launching production) at Kashagan in line with PSA terms, and then we will immediately need to begin negotiations on what to do next," Bozumbayev said.

"Those are going to be heated negotiations ... The country will insist on (investors) fulfilling their commitments, the shareholders will be looking at market prices. (But) so far, this year we are being friendly."

Kazakhstan's official output forecast of 74 million tons this year is based on an oil price of \$30 a barrel and does not include Kashagan, Bozumbayev said, adding that the government may revise its forecast in July.

Tengiz, Kazakhstan's first big oil project, is preparing for its own expansion that will cost \$36-37 billion and lift output to 36 million tons a year by 2021 from 27 million tons.

Bozumbayev said the government and Tengiz partners led by Chevron expected to finalise the spending plan in June.

He also said the government was likely to grant tax relief to OzenMunaiGas, one of the main subsidiaries of London-listed upstream company KazMunaiGas Exploration and Production. OzenMunaiGas has applied for tax relief, saying it would incur losses otherwise due to low oil prices and may need to lay off workers.

Bozumbayev said he had "no news" on Kazakhstan's relations with a group of OPEC and non-OPEC oil exporters who are seeking to restore balance in the global oil market and reduce oversupply by freezing output. He did not elaborate, according to Akipress.

TCO to invest up to \$37 billion into Tengiz

Chevron Corp. and its partners agreed to invest up to another \$37 billion to increase output at a Kazakhstan oil field that is among the world's most expensive, the country's energy minister said, a rare big spending commitment during a prolonged crude price slump. The investment in the oil field known as Tengiz would begin in 2017 and come on top of the about \$37 billion already spent by Chevron, the field's operator, and its partners: state-owned energy firm, KazMunaiGas, Exxon Mobil Corp. and Russia's Lukoil.

Chevron Chief Executive John Watson was recently in Kazakhstan and discussed the project with the nation's political leaders, said Kanat Bozumbayev, the country's energy minister, in an interview. The new investment is expected to produce 24,000 jobs in Kazakhstan, he said.

"For us it's good news," Mr. Bozumbayev said. "This future growth project is very important for us."

Chevron said the consortium would announce the final investment decision for Tengiz at an appropriate time, adding a "rigorous review of the future growth project is ongoing."

The investment is among a handful of large outlays by major oil companies during a nearly two-year long slump in crude prices. Companies have been forced to delay or cancel about \$270 billion in projects through March since oil prices began their long slide, according to consultants Rystad Energy, including expensive Arctic developments.

Chevron has lowered its spending as its revenues and profits take a beating, including disclosing in 2014 a delay in its expansion plans for Tengiz. The company estimated its overall capital spending will range between \$17 billion and \$22 billion annually over the next two years—down from this year's between \$25 billion and \$28 billion budget.

The project is vital for Kazakhstan, which depends on oil for about half its state revenue. The economy of the Central Asian state has suffered as oil prices have more than halved since a peak in mid-2014. The IMF forecast gross domestic product growth of just 0.1% this year compared with 6% in 2013 before oil prices started falling.

Tengiz's output is currently about 500,000 barrels a day, and the expansion would boost its output to about 760,000 barrels a day by 2021. Overall, Kazakhstan pumps about 1.6 million barrels a day, which is forecast to decline without help from expanding Tengiz.

The country's other huge oil project—Kashagan—has yet to start up after gas leaks in 2013 shut down the oil field while it was being commissioned. Mr. Bozumbayev said that the pipes and plant at Kashagan were being inspected and the field is due to start up in the fourth quarter of this year, maybe even as soon as October. That \$50 billion project was due to start pumping in 2005 but it was shut down amid budget blowouts, engineering missteps and management disputes.

Both Tengiz and Kashagan are among the most expensive oil projects in the world because of their size and the fact that their oil involves toxic gas that requires extra facilities to extract sulfur. They are in remote locations where infrastructure had to be built. When Chevron first signed a deal to develop Tengiz with the Kazakh government in 1993, it was unclear how the oil would be shipped from the region that borders Russia on one side and China on the other.

For years, the companies involved in the Tengiz development trod a delicate path between competing interests in the region vying for control of Export routes. By 2001, the companies claimed a victory when oil started to flow through a newly constructed pipeline link of over 900 miles from Kazakhstan through southern Russia to the Black Sea port of Novorossiisk.

Jefferies senior oil equity analyst Jason Gammel said the expansion of Tengiz could give Chevron a competitive advantage over its rivals as it demonstrates a clear plan for oil production growth beyond 2019, something the other firms are mostly lacking.

"Tengiz is material in terms of size and it's the most visible component of Chevron's growth beyond 2019," Mr. Gammel said, according to the Wall Street Journal.

Royal Dutch Shell plc plays important role in Kashagan project

President of Kazakhstan Nursultan Nazarbayev has met with Ben van Beurden, CEO of Royal Dutch Shell plc, on the sidelines of the session of the Foreign Investors' Council in Astana on May 27, the Akorda's press service reports.

At the meeting the sides discussed a number of issues related to further cooperation and ways to expand it.

Nursultan Nazarbayev congratulated Mr. Ben van Beurden on successful completion of merger of BG Group with Royal Dutch Shell plc and praised the role of the company in Kashagan's project development.

Additionally, the Kazakh President drew attention of those present to the fact that Royal Dutch Shell plc is one of the largest investors in oil and gas sector in Kazakhstan.

Ben van Beurden, in turn, noted high level of interaction and effective implementation of investment projects and shared plans of the future work, according to Kashagan today.

Kashagan repairs ahead of schedule

The repair and restoration work at the giant Kashagan oil field are taking place slightly ahead of plan, the country's energy ministry told Trend.

It is expected that production at Kashagan will be resumed in late 2016, following the completion of the replacement of the pipelines, the ministry said.

Kashagan is a large oil and gas field in Kazakhstan, located in the northern section of the Caspian Sea.

The geological reserves of Kashagan are estimated at 4.8 billion tons of oil. Total oil reserves are 38 billion barrels; 10 billion of these are recoverable. There are large natural gas reserves at Kashagan field as well - over one trillion cubic meters.

Production at Kashagan started in September 2013, but was suspended in October 2015 after a gas leak was found in one of the main pipelines.

The ministry said that plans for production at Kashagan will be developed after the field is relaunched.

Kazakhstan plans to increase oil production in the future, through a resumption of production at Kashagan and an increase at other major oil fields – Tengiz, Karachaganak), the ministry says, Trend reports.

KazTransOil's net profit exceeded 79 billion tenge in 2015

KazTransOil's net profit reached 79.6 billion tenge in 2015, Deputy General Director for Economy and Finance, Assem Nusupova said during a press conference.

"Net income was 79 billion 642 million tenge. In 2014 this figure was 57.7 billion tenge. Consolidated profit totaled 44.71 billion tenge taking into account the consolidation of the subsidiaries of joint ventures. In 2014, this figure was 46.43 billion," Nusupova said.

General Director of KazTransOil, Nurtas Shmanov explained that consolidated profit fell due to the tenge devaluation.

He noted the Kazakh-Chinese oil pipeline underwent significant losses due to combined foreign exchange liabilities, primeminister.kz reports.

Malaysian Reach Energy to conclude Kazakhstan oil & gas deal by year end

Reach Energy Bhd aims to conclude its acquisition of onshore oil and gas producing fields in Kazakhstan by year-end.

Managing Director and CEO, Shahul Hamid Mohd Ismail said the company was expected to hold an EGM in August or September to obtain shareholders' approval.

"We hope to convince the shareholders that this acquisition will open more doors for us in Kazakhstan, but we do understand that they are anxious about the acquisition because of the current low oil prices.

"I have worked in the industry long enough to see oil prices fall six times to as low as \$10 per barrel at one time and yet we were still making money," he told reporters on the sidelines of the Astana Economic Forum (AEF).

Saying that the company submitted the qualifying acquisition to the Securities Commission of Malaysia, Shahul Hamid added the group was confident that the oil price would recover gradually.

On March 5, Reach Energy announced to Bursa Malaysia its proposal to acquire a 60% stake in Palaeontol BV, which owns the onshore O & G field, Emir-Oil LLP, in Kazakhstan for \$154.9 million, from Hong Kong-based MIE Holdings Corp.

Emir-Oil owns production contracts of four producing oil blocks (Aksaz, Dolinnoe, Kariman and Emir), as well as, an oil and gas exploration contract in Kazakhstan that extends over 850.3 sq km.

Shahul Hamid said the oilfields would present good returns to the company and shareholders considering they were still in the early phase of their life cycle.

On the ease of doing business in Kazakhstan, he said the Kazakh government provided a good ecosystem for foreign companies and it was eager to welcome more Malaysian companies into the country.

"Kazakhstan is ready to take off. Malaysian companies, especially public listed companies, should look into the massive opportunities here.

"Besides oil and gas, we see huge potential for investments in the services, infrastructure and education sectors," he added.

The two-day AEF that began, themed 'New Economic Reality: Diversification, Innovations and Economics of Knowledge', serves as a platform to discuss progress and identify steps to ensure Kazakhstan achieves high economic growth, according to Bernama.

KazMunaiGas EP won't pay dividend for 2015

KazMunaiGas Exploration Production JSC (KMG EP), one of the top three Kazakh oil producers, will pay no dividend on ordinary shares for 2015, the company reported on May 26.

This decision was made at an annual general meeting of shareholders of the KMG EP.

In accordance with KMG EP's Charter, an annual minimum guaranteed dividend of 25 tenge (including taxes to be withheld in accordance with Kazakhstan's legislation) will be paid per preferred share. This is equivalent to 52 million tenge (approximately \$153,000).

KMG EP is among the top three Kazakh oil producers. The overall production in 2015 was 12.4 million tons of crude oil, including the company's share in joint ventures, Trend reports.

EBRD to finance Kazakh gas projects

The European Bank for Reconstruction and Development (EBRD) will provide up to 294 million euros in local currency equivalent for two ground-breaking projects to increase the use of domestically produced natural gas and largely replace the use of coal in Kazakhstan. The corresponding agreement was signed by EBRD President Suma Chakrabarti and Chairman of the Board of KazTransGas Kazakh gas transportation company Kairat Sharipbayev, a press statement from the Kazakh company reported May 26.

The first project is the upcoming modernization and refurbishment of the underground storage in Bozoi in the bank's first-ever cooperation with the national gas company KazTransGas.

An EBRD loan equivalent to 242 million euros in local currency to the KazTransGas subsidiary Intergas Central Asia will allow for the upgrade of the storage to its full capacity of 4 billion cubic meters, from the current limit of 2.6 billion cubic meters.

This planned upgrade of the storage capacity will help ensure the stable supply of gas from the west of the country to the populous southeastern regions and ultimately reduce dependency on coal-generated electricity.

The second project is a loan in tenge equivalent to 52 million euros to KazTransGas-Aimak for the expansion and modernization of the natural gas distribution network in several regions of Kazakhstan. The upgrade will allow the company to connect new households and industrial customers to gas supplies, replacing the current carbon-intensive energy sources, mainly coal. To date, the EBRD has invested over 6.5 billion euros in the Kazakh economy. The bank is active in all sectors of the economy with a focus on diversification and sustainable energy. The EBRD and Kazakhstan are also linked with each other in a comprehensive partnership agreement.

KazTransGas is the national operator of Kazakhstan in the sphere of gas and gas supply. The

KazTransGas group includes businesses and organizations producing, transporting and selling gas and its refined products, Trend reports.

Topaz secures contract for 15 vessels for Kazakhstan's Tengiz oil field

Topaz Energy and Marine has, in a consortium led by Blue Water Shipping, secured a contract to supply and operate 15 vessels for the Tengizchevroil joint venture in Kazakhstan for a contract value in excess of \$350 million.

Under the terms of the agreement, Topaz will commission the construction of 15 newly designed Module Carrying Vessels (MCVs). The vessels will commence work in second-quarter 2018 for a minimum contract period of three years. The deal brings Topaz's backlog to \$1.6 billion.

The vessels have been designed in collaboration with Vard Shipyard Group as the designated shipyard, and crafted to navigate shallow river systems as they transport modules and cargoes through the Russian waterways to Tengiz oil field in Kazakhstan. The 123-m long vessels will be built in three Vard yards in Romania and Vietnam.

Tengizchevroil is a Kazakhstani partnership that explores, develops, produces and markets crude oil, LPG, dry gas and sulfur. The current partners are Chevron (50%), KazMunaiGas NC JSC (20%), ExxonMobil Kazakhstan Ventures Inc. (25%) and LukArco (5%), World Oil reports.

ACQUISITIONS & MERGERS

Reach Energy aims to conclude O&G field acquisition in Kazakhstan by year-end

Reach Energy Bhd aims to conclude its acquisition of onshore oil and gas (O&G)-producing fields in Kazakhstan by year-end.

Managing Director/Chief Executive Officer Shahul Hamid Mohd Ismail said the company was expected to hold an extraordinary general meeting in August or September to obtain shareholders' approval.

"We hope to convince the shareholders that this acquisition will open more doors for us in Kazakhstan, but we do understand that they are anxious about the acquisition because of the current low oil prices.

"I have worked in the industry long enough to see oil prices fall six times to as low as \$10 per barrel at one time and yet we were still making money," he told reporters on the sidelines of the Astana Economic Forum (AEF).

Saying that the company submitted the qualifying acquisition to the Securities Commission of Malaysia, Shahul Hamid added the group was confident that the oil price would recover gradually.

On March 5, Reach Energy announced to Bursa Malaysia its proposal to acquire a 60% stake in Palaeontol BV, which owns the onshore O&G field, Emir-Oil LLP, in Kazakhstan for \$154.9 million (about RM638.2 million), from Hong Kong-based MIE Holdings Corp.

Emir-Oil owns production contracts of four producing oil blocks (Aksaz, Dolinnoe, Kariman and Emir), as well as, an oil and gas exploration contract in Kazakhstan that extends over 850.3 sq km.

Shahul Hamid said the oilfields would present good returns to the company and shareholders considering they were still in the early phase of their life cycle.

On the ease of doing business in Kazakhstan, he said the Kazakh government provided a good ecosystem for foreign companies and it was eager to welcome more Malaysian companies into the country.

"Kazakhstan is ready to take off. Malaysian companies, especially public listed companies, should look into the massive opportunities here. Besides oil and gas, we see huge potential for investments in the services, infrastructure and education sectors," he added.

The two-day AEF, beginning May 25, themed, 'New Economic Reality: Diversification, Innovations and Economics of Knowledge', serves as a platform to discuss progress and identify steps to ensure Kazakhstan achieves high economic growth, according to Kazinform citing Bernama.

KazMunaiGas denies that Rompetrol dispute designed to prevent share sale to China

KazMunaiGas Vice Chairman of the Board Daniyar Berlibayev has said the litigation with the Romanian government would not affect the sale of shares in Rompetrol. KMG had struck an agreement to sell 51% of Rompetrol to China's CEFC in April.

The companies agreed on the sale of 51% in KMG International (fully owned by KazMunaiGas) for \$680 million. Berlibayev said he was confident the deal would be completed by the year end.

"The transaction will not be endangered. We have proposed finalizing it in September-October, by the end of the year. We believe everything will be solved by then. Now we are in the final phase of the transaction," he stated.

He added the Romanian government was trying to revive the idea that the privatization of the Rompetrol in 1999-2003 was unlawful.

"We purchased the company in 2007. We had the necessary approvals from Romania's authorities and from the European Commission since the decision was taken at the EC level. Therefore, we consider ourselves a purchaser in good faith. We did appeal. In reality, we 'have no right suspended,' only that we are having a precautionary attachment on our shares because of the ongoing investigation," he explained, Akipress reports.

OIL & GAS PRODUCTION

Kazakhstan drops oil output

Kazakhstan reduced its production of oil and gas condensate by 2.7 percent in January-April 2016 compared to the same period of 2015, the Statistics Committee has said.

In total, Kazakhstan produced 26.2 million tons of oil and gas condensate during the reporting period.

The country produced 79.46 million tons of oil and gas condensate in 2015 which is 1.7% less than in 2014.

Currently, Kazakhstan plans to produce 74 million tons of oil in 2016, according to Trend.

OPEC says Kazakh crude oil production slowing

OPEC's report on the global oil market in May mentions Kazakhstan's crude oil production taking a step back in Q1 2016 compared to the same period last year. According to the cartel's data, output declined to an average of 1.34 million barrels a day in March, as opposed to 1.61 million bpd in January and February.

OPEC forecasts Kazakhstan's oil production to decline by 40,000 barrels to 1.56 million barrels on a daily basis in 2016.

The report underlines that, according to data by China National Petroleum Corp (CNPC), who is one of the stakeholders of a large Kashagan oilfield development project, oil output of 0.18 million barrels a day in frames of the phase 1 of the project is expected in June 2017.

Kazakhstan is expecting to increase its oil production thanks to the Kashagan effort.

In 2015, according to OPEC, Kazakhstan's oil output decreased by 30,000 barrels per day, averaging 1.6 million barrels per day.

Despite recent setbacks associated with lower oil prices, Kazakhstan plans on capitalizing on its rich oil reserves and increasing exports into China. By 2020, the largest economy of Central Asia is set to be among the top-10 oil exporting nations, as was stated by the country's Energy Ministry, according to Economic Calendar.

OIL & GAS TRANSPORTATION

Joining TANAP profitable for both Kazakhstan, Turkmenistan

Kazakhstan is very interested in diversifying transport routes exporting its energy resources to the global market.

Rahman Alshanov, Rector at Turan University of Kazakhstan told Day.Az, adding that Kazakhstan will economically benefit by joining the Trans Anatolian Pipeline (TANAP).

Alshanov noted that Kazakhstan along with other countries reserves the right to diversify its hydrocarbon transportation routes to the global market.

Today, Kazakhstan is looking for alternatives for the transportation of energy resources to European market, Alshanov said, noting that the country does not want to depend on a single transport route.

He further added that Kazakhstan is interested in participating in TANAP project. However, there are some nuances.

The first one is the environmental factor. Namely, the question about laying pipeline on the seabed remains unsolved, Alshanov said. "Second one is the financial factor. When these two questions are solved, chances on Kazakhstan joining TANAP will increase," he added. Most likely, according to the rector, Kazakhstan will join this project in the future. "If joining to TANAP is profitable for Kazakhstan, why not to do so?" he asked.

Alshanov stressed that not only Kazakhstan, but also Turkmenistan – a holder of massive gas reserves- will benefit from it.

Moreover, Turkmenistan is now looking for markets, said the rector by further elaborating that exporting its gas in the Afghan direction is not profitable for this country since the social-political situation has not been normalized there.

Therefore, Turkmenistan's participation in TANAP project will be acceptable in principle, he added.

In regards to Uzbekistan, Alshanov said that the country's free volumes of gas in its territory are small.

Uzbekistan sells its gas to Russian Gazprom that re-exports Uzbek gas to the global market under its national brand, he told.

TANAP will pass through Turkey and join to TAP pipeline in the Greece border. Meanwhile, TAP will pass through Greece, Albania and southern part of Italy.

At the initial stage, the gas to be produced as part of the Stage 2 development of Azerbaijan's Shah Deniz field is considered as the main source for the Southern Gas Corridor projects. Other sources can also be connected to this project at a later stage.

First gas delivery to Georgia and Turkey via the SGC is scheduled for late 2018. However, gas deliveries to Europe are expected a year after the first gas is produced in offshore fields of Azerbaijan, according to Azernews.

Kazakhstan to boost transit of Russian oil to China

Kazakhstan is ready to increase the transit of Russian oil to China to 10 million tons, Director General at KazTransOil Nurtas Shmanov said yesterday during a press conference. "Today, the volume being transited from Russia to China is 7 million tons in accordance with an intergovernmental agreement between Kazakhstan and Russia. We are ready to increase it. We can reach 10 million tons without any technical actions," Shmanov said.

According to Shmanov, Kazakhstan is ready to carry out transit operations.

KazTransOil owns a diversified network of main oil pipelines with a total length of 5,373 km, Akipress reports.

RENEWABLE ENERGY

Kazakhstan to generate one half of electricity from green sources by 2050

Kazakhstan is set to generate 50 percent of the country's electricity from non-fossil fuel sources by 2050, Foreign Minister Yerlan Idrissov said in a statement.

The foreign minister stressed Kazakhstan was absolutely committed to the Paris Climate Change Agreement and was looking forward to signing the deal.

"Although our country is rightly known for its abundance of conventional energy resources, we are absolutely committed to developing green economy. We have set ourselves ambitious goals, for example, to generate 50% of our electricity from non-fossil fuel sources by 2050," Idrissov told the UN General Assembly.

In December 2015, UN member states signed the so-called Paris Agreement at the UN Climate Change Conference. The deal aims to limit global average temperatures to less than 2 degrees Celsius above pre-industrial levels. The agreement also aims to create more financing to curb greenhouse gas emissions and support more climate-resilient development. The Central Asian country's capital of Astana is scheduled to host EXPO 2017 international exhibition on future energy between June 10 and September 10, 2017, according to Sputnik News.

Nazarbayev signs amendments to develop green economy

President Nursultan Nazarbayev has signed amendments to certain national laws on a transition to a green economy, Ak Orda reported on April 28.

The amendments seek to improve legislation related to the ecology and renewable energy. Changes were made to the articles on the Land, Water, Environment, Tax, Enterprise codes and the law on administrative offenses."

The environmental code updated environmental and natural resources protections and was complemented by the principles of responsibilities for extended producers.

The changes also increased environmental monitoring of mineral resource operations in the nationally protected area in the northern part of the Caspian Sea in the winter.

Changes to the water code expanded standards for water consumption and wastewater and refined procedures for establishing water consumption and wastewater norms.

The changes remove restrictions on investment preferences related to methane extraction projects, coal seams, while implementation as part of priority investment project was added to the entrepreneurial code.

The law on supporting the use of renewable energy sources was supplemented by amendments on the development of renewable electricity, the creation of a reserve fund in the renewable energy sector and the improvement of the mechanism for their connection to the unified electricity system network in the country.

Kazakhstan's transition to a green economy involves multiple sectors, such as the sustainable use of water resources, the development of a sustainable and highly productive agriculture, energy saving and energy efficiency, electrical power development, a waste management system, the reduction of air pollution, the conservation and efficient management of ecosystems, the Astana Times reports.

First solar power plant in Kazakhstan gains EBRD award

The EBRD has awarded the Burnoye Solar-1 solar power plant, the first renewable energy facility in Kazakhstan, its project of the year award in the area of sustainable development. The award ceremony was held as part of the bank's annual meeting in London on May 12, 2016. The award is given to sustainable development projects which are implemented with the support of the EBRD.

This significant project for the use of renewable energy source was jointly funded by the EBRD and the Clean Technology Fund (CTF). The project is worth 80 million euros. The plant was built in Zhambyl region.

Burnoye Solar-1 is not only the first solar power plant in Kazakhstan but also the first private generator of renewable energy in the country. It was built in 2015 by a joint Kazakh-British enterprise Samruk-Kazyna - United Green.

Kazakhstan possesses sufficiently large potential for renewable energy generation, including via wind, solar and hydropower. Nevertheless, more than 80% of the country's electricity is currently produced from coal-fired power plants that were constructed during the Soviet era, according to Kazinform.

150-million euro solar power plant to be built near Astana

A ground-breaking ceremony on a solar power plant was held in the Kabanbai Batyr Village of the Akmola province, about 30 kilometers from Astana, Novosti-Kazakhstan reports. According to a statement from the oblast administration, KB Enterprises (a wholly-owned

Kazakh firm) is building a solar power plant. The facility will generate 100 MW to 288 thousand MW per year.

Project cost is 150 million euros. 30% of investments will come from Turkey, Germany, and the Netherlands.

Over 31 thousand solar panels will be installed over 300 hectares.

The construction will create 200 jobs. 70 permanent jobs will open for local residents after its completion.

To balance electricity generation at night, the company will build a bio-gas power plant for 45 million euros. It will have daily capacity of 50 MW of energy. A rabbit and fish farm and greenhouse will be built to provide manure to the plant.

Kazakhstan built its first large solar power plant last year. The plan – Burnoye Solar, received support from the EBRD.

The landmark project received co-financing by the EBRD and the Clean Technology Fund (CTF) with loans of well over €80 million.

Burnoye Solar will be Kazakhstan's first commercial solar park and the first privately owned renewable energy facility.

It will be located in the energy-deficit Zhambyl province in southern Kazakhstan. The project is implemented jointly by local and European contractors, according to the Times of Central Asia.

Iran to build wind farm in Kazakhstan

Iran and Kazakhstan have agreed to build a wind park in Kazakhstan to generate electricity there, Press TV reports.

The agreement was sealed between Iran's Power and Water Equipment & Services Export Company (SUNIR) and Eurasia Invest Group in Tehran.

The deal will require Iran to build a 50-megawatt wind power plant in western Kazakhstan near the country's Caspian Sea shore, IRNA reports.

The Kazakh government will finance the 110 million dollar project, SUNIR's first major so far this year, which is due to be completed in 18 months.

Last month, Tehran and Astana reached agreement on a number of economic projects, including the establishment of a joint shipping company.

The planned freight shipping line would boost bilateral trade through the Iranian port of Bandar Anzali and Kazakh port of Aktau, both on the Caspian Sea.

Iran and Kazakhstan also decided to boost their volume of rail transport through a railroad that links Iran, Turkmenistan and Kazakhstan.

In addition, Iranian President Hassan Rouhani received his Kazakh counterpart Nursultan Nazarbayev on April 11 in the Iranian capital city where the two oversaw the signing of a number of agreements in various areas.

Rouhani later said Iranian and Kazakh officials had signed 66 documents for cooperation, worth two billion dollars, in the public and private sectors, while adding the agreements mark a "turning point" in mutual relations.

He noted that Tehran and Astana would strengthen cooperation in investment, agriculture, science, culture, technology and communications.

The Iranian president added that bilateral cooperation in the Caspian Sea including marine transportation, tourism and the determination of the landlocked lake's legal status were also discussed during talks with the Kazakh leader, Trend reports.

CONTACTS

Embassy of the Kingdom of the Netherlands

62, Kosmonavtov str.
Chubary mcrd, 3rd floor
010000 Astana
T: +7 7172 555450
F: +7 7172 555474
ast@minbuza.nl

Embassy Office in Almaty

103, Nauryzbai Batyr Str.
050022 Almaty
T: +7 727 2503773
F: +7 727 2503772
alm@minbuza.nl

Comments

The Special Energy Issue on Kazakhstan appears every month on the Embassy's website:
<http://kazakhstan.nlembassy.org/>.

INDUSTRY EVENTS IN 2016



KIOGE

Kazakhstan International Oil & Gas Exhibition and Conference
4 – 7 October 2016, Almaty
Organizer: Iteca
www.kioge.kz



Mangystau Oil, Gas and Infrastructure

Mangystau Regional Exhibition on Oil, Gas and Infrastructure
8 – 10 November 2016, Aktau
Organizer: Iteca
www.mangystau.oil-gas.kz